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Tuesday, November 21, 1989

154th Year

Clarke Sees Peril In Loans to Fund Takeovers Abroad

By BARBARA A. REHM

WASHINGTON — For the second time in as many weeks, Comptroller of the Currency Robert L. Clarke warned bankers against charging into highly leveraged lending.

In a speech Monday in London, Mr. Clarke said he was concerned about European lending by U.S. banks for highly leveraged transactions that are likely to occur as Europe opens up its borders and businesses consolidate.

"Many U.S. banks are already planning for increased involvement in Euro-HLT type transactions as the unified European market of 1992 draws nearer," Mr. Clarke said, noting that with their experience in such loans, domestic banks hold a competitive edge over foreign counterparts. "American banks have targeted cross-border merger and acquisition activity in their strategic plans."

Mr. Clarke, in remarks released here, cautioned U.S. banks about structural and cultural differences across the Atlantic that will pose different lending risks from those found in leveraged financing here.

"For example," he said, "because a U.S.-style junk bond market in Europe has not developed, risks that would be assumed by bond underwriters in the U.S. will likely be assumed by bank loan syndication departments in Europe."

Further, some U.S. banks do not have the loan-distribution networks in Europe that they have developed here. Thus, Mr. Clarke said, some U.S. banks may have a hard time selling down a highly leveraged deal.

Add to that the fact that Europe uses different accounting standards, he said.

"Once all the addition and factoring is done, you end up with interesting

See CLARKE: Page 6 >



Dean Richardson, Chairman and CEO
Manufacturers National Corp.

Steady Course Seen For Detroit Bank After CEO Retires

By RICHARD RINGER

CHICAGO — Manufacturers National Corp. chairman and chief executive Dean E. Richardson said he will retire early next year, but analysts expect the company to continue with its cautious but effective bank strategy.

Mr. Richardson, 61, announced last Friday that he was stepping down as chief executive officer on Dec. 31 and as chairman next March 31. His early retirement from the Detroit-based superregional bank company was expected.

Gerald V. MacDonald, president of the holding company, will succeed Mr. Richardson. Mr. MacDonald, 51, will also retain his responsibilities as chairman and chief executive officer of the company's lead bank, Manufacturers National Bank of Detroit.

Michael T. Monahan, 50, will succeed Mr. MacDonald as president of the holding company while keeping the job of president and chief operat-

See STEADY: Page 12 >

Wall's Defense on Lincoln Fiasco: I Made Errors, but Inherited Mess

By JIM McTAGUE

WASHINGTON — Fighting to keep his job as the nation's top thrift regulator, M. Danny Wall intends to concede some mistakes in handling the closing of the Lincoln Savings and Loan Association. But he will also mount an attack on his predecessor for leaving a mess in his lap when he took over as chairman of the Federal Home Loan Bank Board in July 1987.

Mr. Wall will acknowledge to the House Banking Committee today that examiners had enough evidence to shut down Lincoln in August 1987.

But he and his staff will also testify that the Lincoln case was complicated by, among other things, deliberate leaks to the press in December 1986 of confidential examination data by Ed-

Wall and the Lincoln Affair

JULY 23,
1987

On the job for 23 days, Mr. Wall meets with Lincoln executives complaining about press leaks.

JULY 28,
1987

Top Wall aide rejects examiners' recommendation that Lincoln be seized.

OCT. 21,
1987

Lincoln asks Mr. Wall to change the examiners who oversee the thrift.

MAY 5,
1988

Mr. Wall casts deciding vote switching regulatory control of Lincoln to Washington.

APRIL 14,
1988

Regulators seize Lincoln and place it in conservatorship.

win J. Gray, Mr. Wall's predecessor as head of the Bank Board. Lincoln's Charles H. Keating Jr. had threatened to sue because of the security

See WALL: Page 22 >

COMMENT

Rethinking Cost Control

By SANFORD ROSE

Despite all their chatter about progress in cutting costs, most banks have realized only a fraction of their expense-reduction potential, argues Booz-Allen & Hamilton. The reason is that, hard as it may be to believe, bankers don't really understand the sources of their expense problems, and they haven't been under strong enough economic pressure to remedy this lack of understanding.

A relatively benign economic environment and some special circumstances have allowed banks to generate rather lush revenues in the past few years. Unfortunately, however, the outlook for sustained revenue growth is not terribly good. The economy is clearly slowing. Perhaps equally important for banks, especially large ones, the opportunities to garner deal-related or merchant-banking revenues may soon dry up.

In the last few years, merchant-banking revenues — those derived from loans made to finance leveraged buyouts, mergers and acquisitions, and other corporate restructurings — have become an increasingly important fraction of total revenues, both at large banks, which are first-tier lenders, and at many smaller institutions, which buy pieces of the high-spread LBO loans originated by their larger brethren.

The impending shrinkage in deal-related profits will stem in part from the de-

See RETHINKING: Page 4 >

Today

National Westminster Bancorp. will add \$140 million to its Third World loan-loss reserve in the fourth quarter. 2

First of America Bank Corp., Kalamazoo, Mich., agreed to buy a healthy thrift in Grand Rapids. 2

Dun & Bradstreet Corp. signed a pact to buy Management Science America, which provides software to many of the largest U.S. financial institutions. 3

British Telecom purchased most of McDonnell Douglas' information businesses, including a major processor of electronic transactions in the U.S. 3

TSB Bank, Britain's sixth-largest, is expected to announce plans to eliminate 15% of its work force. 2

Financial Services Stocks 18
Inside Financing 24
International 8
People 17
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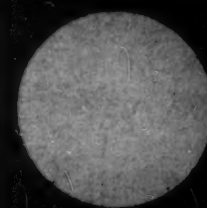
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COMMENT

Rethinking Cost Control

► Continued from Page 1

cline in economic activity. But it will also result from several other key factors. The so-called easy deals have already been done, and there is an increasing perception of a diminished supply of undervalued companies. The threat of governmental intervention to curb the tax advantages of debt seems omnipresent. And, finally, there is increasing criticism of highly leveraged transactions, both within the financial community and in society at large.

It should be pointed out that, notwithstanding its lush deal-related revenues, the banking industry's costs have been growing faster than its revenues for many years. As deal revenues falter, this unfavorable cost-revenue trend will obviously be aggravated, causing banks to focus on cost control with a single-mindedness that has thus far been lacking.

Blaming Fixed Costs

In Booz-Allen's view, by far the most important barrier to effective expense reduction is the widespread lack of knowledge about the reasons for excess expenses. Many bank managers think that their major problem is one of high fixed costs. This is because so many costs, an estimated 50% or more of the expense burden, seem to be indirect and shared among many products and functions, e.g., corporate overhead.

In other words, a large chunk of costs are alleged to be built in and thus beyond the control of individual managers. And if that is the case, the elimina-

tion of unprofitable, high-cost products will serve only to reduce revenue without a commensurate drop in expenses. The overhang of fixed expenses will simply have to be allocated to the remaining products, raising their costs and triggering the need for still more retrenchment.

Additionally, bankers tend to feel that they have shared customer bases. That is, the commercial-loan customer is also viewed as a consumer of, say, cash-management services. So if the bank does not sell cash-management services, it runs the risk of undermining its loan-marketing efforts.

This belief in customer linkages encourages banks to offer practically any service that a customer is likely to buy, even if they are high-cost and uneconomic producers of that particular service.

Booz-Allen does not think that most costs or customer bases are in fact shared. Its analysis of shared costs, for instance, reveals that these are often considerably less than 50% of total costs.

Says Donald E. Kerr, a vice president of the consulting firm: "If one looks at a typical operations center and disaggregates its functions, one finds that the vast majority of costs — some 90% — are unique to individual products. Only 10% of overall costs — those attributable to centralized customer service and staff support — are truly shared among products."

The implication is that, contrary to

what many bankers think, the elimination or pruning of marginal products can be achieved without raising the unit costs of the remaining attractive products. Otherwise stated, although many costs seem fixed — and indeed are in the very short run — most are highly variable in the medium and long run.

Customers Unbundle

The belief in overlapping customer bases is equally unfounded. Only a small proportion of bank customers currently bundle their purchases of financial services, the consulting firm has discovered. Although very small firms clearly tend to buy credit products and cash-management services from the same bank, many middle-market and almost all large companies do not. And the trend is toward more, not less, unbundling.

This suggests that if a bank is a high-cost producer of either cash-management or credit services, it can exit its disadvantaged product segments without much fear of losing customers for those services it can more efficiently deliver.

Abandoning high-cost products and businesses represents a way of paring what Booz-Allen calls "inherent" costs — those generated by what a bank does. Additional opportunities exist to trim what are termed "structural" costs — those generated by how something is done.

Swollen structural costs are very often a result of lack of scale. A surprise. See **FIXED: Page 6** ►

Crime Blotter

By TOM LEANDER

NJ Scam: Recycling Items Found in Banks' Trash

A ring of check forgers in southern New Jersey and eastern Pennsylvania has found pay dirt in bank dumpsters.

Using blank checks and old credit applications fished out of bank trash, the so-called Split-Deposit gang has stolen at least \$150,000 since February, according to Ronald Steadman, a detective with the New Jersey State Police.

The gang uses blank checks that have been tossed away because accounts were closed, according to Mr. Steadman.

Gang members then go to another bank and dig out a discarded credit application or tossed-away deposit slip that has the number of an existing account. They forge a sum on a blank check and make a deposit into an account that has money in it, cashing a part of the bogus deposit during the transaction.

The Split-Deposit gang has hit virtually every major bank in southern New Jersey, Mr. Steadman said.

Orange County Cops Nab Suspect; Another at Large

Police in Orange County, Calif., are breathing easier now that the "Tijuana bandit" is in custody. But a robber known as "the Vet" is still at large.

Last Wednesday, police nabbed David Eugene Cabrera, 34, as he fled after allegedly robbing American Interstate Bank in Orange, Calif. Mr. Cabrera, who is suspected of 11 other bank and thrift robberies in the county since Oct. 26, was dubbed the Tijuana Bandit by police because he wore a hat inscribed with the word "Tijuana"

Editor's Note

Bank crime has captured the imagination of movie producers, novelists, and the public. But for bankers it has become an increasingly complex problem as banks become more exposed through access to automated teller machines and greater reliance on technology. Crime Blotter, a weekly column beginning today, will alert bankers to the latest gambits of the unscrupulous that put their institutions at risk.

during many of the holdups.

Police are still hunting for a man who robbed four savings and loan associations on Veteran's Day. He has been nicknamed the Vet, said Bucky Cox, an FBI agent in Santa Ana. The FBI would not disclose how much money was stolen in each case.

Detroit Murder Renews Calls for ATM Security

The latest incident of violent crime at an automated teller machine — the slaying of a Detroit couple — has bolstered the case for increased security at locations where cash is dispensed.

Barry Schreiber, chairman of the research committee of the ATM Security Task Force of the Electronic Fund's Transfer Association, suggests that city governments adopt building codes that require bright lighting on streets outside ATMs. He also recommends that banks use cameras with a 180-degree, fish-eye lens to aid detection of forced withdrawals at ATMs. Cameras are usually trained only on the customer immediately in front of the machine.

Chicago Accounting Firm Creates Gumshoe Unit

Checkers, Simon & Rosner, a Chicago accounting firm, has formed a subsidiary to provide detective services for regulators, banks, and other businesses. The new unit, called Checkmate Services Inc., will be the first subsidiary of a U.S. accounting firm to hold a private detective license, the company says.

The firm, which has a staff of 20, is negotiating a deal with the Federal Deposit Insurance Corp. and the Resolution Trust Corp. to trace and collect hidden assets, according to Checkmate president Charles Blotkin, a former FBI agent and director of security at Zenith Electronic Corp.

Former Strike-Force Chief Defends Antifraud Teams

Financial fraud cases may be tougher to prosecute if Attorney General Richard Thornburgh carries out his proposal to eliminate special strike force units, a former strike force chief warns.

Laura Brevetti, who ran the Brooklyn unit until last August, opposes the move, arguing that the independence of the strike forces from local political influence and their ability to investigate a case for years has been invaluable in hunting down financial criminals.

One of the Brooklyn strike force's biggest cases ended, after a four-year investigation, in the conviction of Mario Renda for a fraud that involved 18 banks and savings and loans.

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Loan Sales Market Slows as Role of Top 5 Sellers Declines Slightly

By ANGELA WILSON
Asset Sales Report

NEW YORK — Although the major players remain the same, the secondary loan sales market is undergoing a steady transformation characterized by slower growth and a slightly declining role for the giants of the market.

That is the most significant information to be gleaned from the loan sales figures for the second quarter of 1989, which were compiled for *Asset Sales Report* by the data services division of Automatic Data Processing. (Tables are on page 14.) The data are based on the quarterly call reports that banks are required to file with the Federal Reserve Board.

Total loan sales volume in the second quarter was \$276 billion, a sluggish 3% increase from the previous quarter's \$268 billion. The small increase put

Some syndications executives believe the secondary market is maturing, while others cite an increase in loan distribution activity on the primary level as the cause of the decline in the secondary market.

the market back to its fourth-quarter 1988 level.

The loan sales figures from the last few quarters indicate that the vigor of the market may be declining. The gargantuan volume increases of past years — from \$111 billion in the fourth quarter of 1986 to \$287 billion by fourth quarter 1988 — appear to be a thing of the past.

Differing Interpretations

Bankers offer various reasons as to the cause of the decline. Some syndications executives believe the secondary market is maturing, while others cite

an increase in loan distribution activity on the primary level as the cause of the decline in the secondary market.

The head of syndications at a mid-western bank remarked that in the early days of secondary loan sales "the market was witnessing the sheer development of a new product." Although loan volume has declined, "it may not be a negative reflection [on the market]. We may be at a point in the product cycle that is approaching maturation," the banker said.

But a distribution executive at a money center bank offered another

reason for the decline of volume in the secondary. "A lot more deals are being done on the primary level and won't be measured in those secondary numbers."

The Fed figures also show that the top five loan sellers, which control the lion's share of the market, are seeing their stranglehold weaken slightly. The market share of top five banks has declined from 74.7% in the fourth quarter of 1988 to 73.6% in the second quarter of 1989.

This trend did not hold true for the top 10 banks, whose share of the market increased to 84.4% in this year's second quarter from 80.87% in the last three months of 1988. The top 10 banks controlled only about 60% of the market in the fourth quarter of 1986, rising to almost 78% the following year.

As for the players themselves, the top 10 lineup showed few changes. Security Pacific National Bank, Los Angeles, easily maintained the No. 1 position, with 39% of the market, or \$110 billion in loans sold, in the second quarter, up from \$107.8 billion in the previous period.

Bankers Trust Still No. 2

Perennial runner-up Bankers Trust Co. kept its position despite a 17% decline in volume, to \$44.8 billion from \$53.9 billion previously. A spokesman for the New York-based company said "fewer deals means less volume." He noted that there has been an increase in the number of loan sellers: 4,899 banks sold loans in the second quarter, compared with 4,684 in the previous quarter.

Chase Manhattan Bank once again held the No. 3 position, with sales of \$18.1 billion, up from \$15.2 billion in the previous period. The banks in positions 4 through 6 — Citibank, Chemical Bank, and Mellon Bank — experienced sales increases of 21%, 10%, and 0.65%, respectively.

The major changes begin with the No. 7 bank, Morgan Guaranty Trust Company of New York, which edged out Marine Midland Bank, Buffalo. Marine showed a sharp decline in loan sales volume, which a bank executive suggested was due to decreasing short-term loan sales volume.

These are, of course, the numbers most syndication executives love to hate. "They make interpretation a vague science, at best," one money center banker commented dryly. Other bankers are not sure what numbers the Fed wants, because the call report forms are so poorly designed.

For example, an executive in the corporate finance department of Wachovia Bank and Trust Co., Winston-Salem, N.C., attributed his division's fantastic loan sales volume increase — from \$102 million in the first quarter to \$348 million in the second — to a reporting error.

— *Asset Sales Report* is an American Banker newsletter.

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NY Thrift Group Honors Columbia Banking Chief

NEW YORK — William B. Mackenzie, president of Columbia Banking Federal Savings and Loan Association, Rochester, N.Y., has received the distinguished service award from the New York League of Savings Institutions.

The award is the highest bestowed by the trade group and is presented to an officer, director, or employee of a New York State savings institution for outstanding contributions to the industry over an extended period of time.

The league represents 83 saving and loan associations and savings banks with combined assets of more than \$60 billion.

Top 50 Banks in the Sale of Loans

Ranked by loan sales in the second quarter of 1989, compared with selected previous quarters (dollar amounts in thousands)

Rank 6/89		Loans Sold During Quarter						Assets 6/30/89
		2d Qtr 1989	2d Qtr 1988	1st Qtr 1989	4th Qtr 1988	4th Qtr 1987	4th Qtr 1986	
1	Security Pacific National Bank, Los Angeles	110,464,624	98,612,888	107,864,772	117,477,609	69,054,115	3,280,986	56,035,698
2	Bankers Trust Co., New York	44,801,494	36,716,733	53,973,168	54,969,821	18,913,510	13,892,235	58,715,367
3	Chase Manhattan Bank NA, New York	18,168,756	15,460,097	15,201,683	15,270,715	11,605,922	11,118,795	82,014,120
4	Citibank NA, New York	18,070,000	13,295,000	14,381,000	10,812,000	14,307,000	23,728,000	152,777,000
5	Chemical Bank, New York	12,208,000	16,054,000	11,092,000	16,993,000	17,325,000	2,408,000	48,471,000
6	Mellon Bank NA, Pittsburgh	9,094,531	1,601,541	9,035,774	7,306,619	2,120,557	1,061,991	23,241,821
7	Morgan Guaranty Trust Co., New York	6,325,649	12,286,430	6,424,009	6,386,347	12,189,346	7,461,246	76,684,983
8	Marine Midland Bank NA, Buffalo, N.Y.	5,339,946	4,295,302	7,430,410	5,141,417	8,884	68,457	21,309,769
9	Continental Bank NA, Chicago	4,882,206	2,645,282	5,638,822	6,693,244	2,448,466	705,490	31,750,426
10	Manufacturers Hanover Trust Co., New York	4,787,000	5,855,000	4,963,000	6,315,000	6,441,000	3,084,000	57,126,000
11	First National Bank, Chicago	4,487,956	3,861,071	3,502,656	3,282,386	6,592,206	2,324,344	37,734,869
12	First National Bank, Boston	4,391,744	2,145,623	4,650,451	3,901,715	2,378,547	1,555,867	26,429,365
13	Bank of America NT&SA, San Francisco	2,329,000	2,058,000	2,960,000	3,185,000	1,013,000	2,116,000	86,668,001
14	Bank of New York	1,961,715	1,942,449	1,455,069	2,006,621	2,082,577	598,930	24,884,499
15	First Interstate Bank of California, Los Angeles	1,773,933	1,451,800	1,689,643	1,852,384	337,975	62,580	20,182,135
16	NCNB Texas National Bank, Dallas (a)	1,556,015		483,821	686,269			27,941,433
17	Bank of Tokyo Trust Co., New York	1,040,791	650,142	938,425	631,059	313,608	633,764	8,112,117
18	First Bank NA, Minneapolis, Minn.	669,273	369,585	261,045	234,626	35,220	6,470,988	13,812,702
19	Harris Trust & Savings Bank, Chicago	634,484	647,121	521,740	545,867	581,710	866,156	9,883,579
20	First Fidelity Bank NA, Newark, N.J.	604,086	167,640	203,768	286,564	922,505	18,273	11,230,325
21	Crestar Bank, Richmond, Va.	494,511	46,300	391,256	111,139	181,125	83,864	9,927,120
22	Wachovia Bank & Trust Co. NA, Winston-Salem, N.C.	440,577	6,370	102,112	5,200	3,032	35,608	14,598,883
23	First Union National Bank, Charlotte, N.C.	348,745	186,409	376,514	75,150	49,981	9,806	16,576,779
24	Provident National Bank, Philadelphia	342,979	659,863	360,393	347,371	149,877	236,550	7,505,308
25	American Security Bank NA, Washington, D.C.	332,420	114,382	115,386	235,967	97,427	330,100	5,388,953
26	Wells Fargo Bank NA, San Francisco	284,307	223,236	446,344	304,741	394,243	439,241	45,092,008
27	Ameritrust Co. NA, Cleveland	258,854	170,376	136,809	167,318	85,063	194,064	8,445,053
28	First National Bank, Atlanta	258,641	28,651	110,874	58,056	35,012	23,738	8,169,727
29	Shawmut Bank NA, Boston	232,614	71,414	145,355	97,382	107,099	85,358	9,012,912
30	Union Bank, San Francisco	228,175	216,073	128,617	215,431	244,101	304,670	15,149,595
31	Mellon Bank East NA, Philadelphia	220,435	31,795	370,750	198,756	210,455	177,450	4,462,948
32	Maryland National Bank, Baltimore	198,418	102,604	138,605	144,259	163,530	126,333	9,279,811
33	NCNB South Carolina, Columbia	187,789	98,586	84,234	52,705	0	4,390	4,490,367
34	Texas American Bank/Fort Worth NA (b)	185,713	112,546	84,660	100,302	133,853	131,360	1,974,591
35	Pittsburgh National Bank	174,298	148,177	95,355	176,059	215,859	228,306	15,662,345
36	Bank One, Texas, NA, Dallas (c)	168,594	390,212	0	205,502	458,890	1,291,864	12,992,783
37	Texas Commerce Bank NA, Houston	154,461	321,339	552,787	304,662	429,897	207,818	11,154,327
38	SouthTrust Bank of Alabama NA, Birmingham	147,184	162,493	118,710	168,541	116,256	205,641	3,240,810
39	Metro North State Bank, Kansas City, Mo.	143,185	96,463	250,238	259,767	929,197	693,125	598,605
40	Valley National Bank, Phoenix, Ariz.	133,098	46,424	80,731	119,503	91,046	78,908	9,882,490
41	United States National Bank, Portland, Ore.	132,728	92,799	70,645	84,775	61,569	72,953	9,143,478
42	Chicago-Tokyo Bank	127,472	211,687	223,586	259,082	80,630	47,310	569,482
43	Texas Commerce Bank-Dallas NA	127,412	22,822	4,521	45,450	146,401	40,695	1,816,658
44	First National Bank, Louisville, Ky.	125,798	116,413	120,774	102,773	366,494	239,496	4,160,979
45	Philadelphia National Bank	125,058	134,822	160,230	145,334	105,885	106,304	9,986,622
46	Connecticut National Bank, Hartford	120,965	4,805	100,000	86,825	6,875	6,344	12,183,035
47	Bank One Milwaukee NA, Wis.	120,360	4,123	139,788	22,372	42,818	42,223	1,885,353
48	Merchants Bank NA, Allentown, Pa.	116,138	32	0	13,249	6,523	14,703	1,825,435
49	LTCB Trust Co., New York	115,169	84,483	18,725	2,529	0		825,741
50	Norwest Bank Minnesota NA, Minneapolis	114,500	53,122	73,565	37,053	93,980	61,952	8,776,144
LOAN SALE TOTALS FOR THE TOP 10 BANKS		234,142,206	206,822,273	236,004,638	247,385,772	154,413,800	66,809,200	608,126,184
LOAN SALE TOTALS FOR THE TOP 50 BANKS		259,751,801	224,074,525	257,672,820	268,145,516	173,678,266	86,976,276	1,139,783,551
LOAN SALE TOTALS FOR ALL BANKS†		276,468,000	249,190,000	267,982,000	287,593,000	198,244,886	111,777,246	
LOAN SALES RATIO: TOP 10 BANKS-TO-TOP 50 BANKS		90.14	92.30	91.59	92.26	88.91	76.81	
LOAN SALES RATIO: TOP 10 BANKS-TO-ALL BANKS		84.69	83.00	86.02	91.64	77.89	59.77	
LOAN SALES RATIO: TOP 50 BANKS-TO-ALL BANKS		93.95	89.92	96.15	93.24	87.61	77.81	
TOTAL NUMBER OF BANKS SELLING LOANS		4,899	4,865	4,684	4,736	4,575	4,751	

Data Source: Federal Regulatory Report of Condition (RC) for all FDIC-insured commercial banks. These data were provided to American Banker by ADP's Data Services Division, New York. ADP restates prior years' data for mergers. Description of table: The 50 FDIC-insured banks with the largest amount of loans sold during the calendar quarter ended June 30, 1989 (RC, Schedule RC-L-Contingencies, memorandum item 1). Loan Sold During Quarter are "loans originated by the bank and sold or participated to others during the calendar quarters" listed above. The data are consolidated and include loans originated by the bank and then sold or transferred by the bank to "others" during the calendar quarter regardless of when the loan was originated by the bank and regardless of whether servicing has been retained by the bank. "Others" include the bank's own trust department and

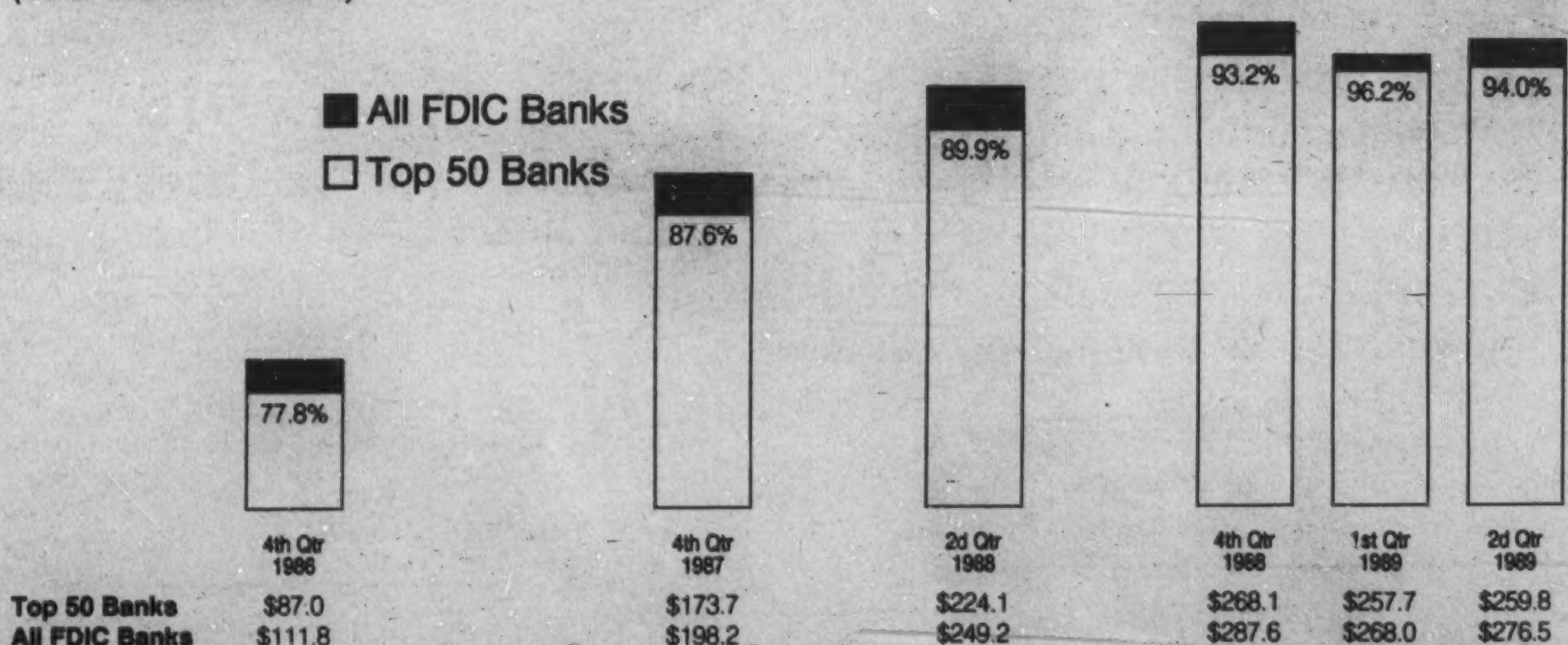
affiliates and subsidiaries not consolidated in the Report of Condition. Also included are those portions of loans sold during the quarter. The amount reported is gross, i.e., without regard to repayments by borrowers. The term "loans originated" covers any loan made directly by the bank. In addition, in the case of syndicated loans, the bank only reports its share. Also, with respect to overline agreements, loans made during the quarter by a correspondent of the bank to one of the bank's customers are considered loans originated by the bank. "Loans originated" does not include loans purchased from others. All loans sold during the quarter are included except the following: (1) residential mortgage loans; (2) consumer loans; (3) renewals or rollovers during the calendar quarter of loans previously sold by the bank provided no new funds are advanced; (4) loans sold under agreements

to repurchase; and (5) sales of loans that are reported as borrowings. (†) Data provided by the Federal Deposit Insurance Corp., Washington, D.C. (a) Bank was created on 7/30/88 by the FDIC when 40 bank subsidiaries of the former First Republic Bank Corp. were merged into one institution. (b) On 7/21/89, the FDIC merged the bank and 23 other bank affiliates of the former Texas American Bancshares into Texas American Bridge Bank NA, a newly chartered bank. (c) The bank—formerly known as Deposit Insurance Bridge Bank NA—was formed by the FDIC on 3/29/89 through the merger of 20 former MCorp banks taken over by the FDIC. The bank assumed its current title on 7/5/89.

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Loan Sales at the Top 50 Banks Compared with All Banks

(Dollar amounts in billions)



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